GUIDANCE ON THE FINANCIAL SUMMARY REPORTING FOR 2002-2004 INFORMATION TECHNOLOGY INVESTMENTS

Each Line Office and Staff Office must submit the four types of spreadsheets identified below, identifying investments in each spreadsheet as being for either "development/enhancement" or "steady state" costs, reporting on the sources of funding, providing a percentage breakdown on which NOAA strategic goals are being supported, and providing some detailed breakdowns of cost for IT security. Additional guidance on these requirements is attached.

Each of the four types of spreadsheets has an additional section on IT security. This is now a high profile issue, and we need additional information on what funds are being spent and how. **All IT security dollars should still be reflected in the total dollars reported on the main part of the spreadsheet.**

Investments for Information Technology Systems - This report should contain individual spreadsheets for each IT system on the attached list. All other costs should be reported by organizational component - this can be at the Line Office or lower level. These organizational sheets should <u>exclude</u> the investments reported on the spreadsheets for the individually-identified systems. Neither the system or organizational sheets should contain investments related to the three other reports listed below.

The report asks for costs to be broken down by IT category. While the OMB Exhibit 53 does not require such a breakdown, this level of information is required to respond to other information requests received from oversight organizations throughout the year. The spreadsheet also requires identification of the funding sources and information on the strategic goals being supported and IT security investments.

Investments for IT Infrastructure and Office Automation - Line Offices should submit one consolidated spreadsheet for this area. An additional spreadsheet should be submitted for any budget initiative associated with this area, but its figures should be included in the consolidated spreadsheet. If this report was formulated from feeder reports from lower-level organizations, we would like to also get copies of those reports. This spreadsheet uses the same category breakdown as the IT Systems report, and also requires identification of the funding sources and information on the strategic goals being supported and IT security investments.

IT infrastructure and office automation are defined by OMB as IT investments that are common-user systems, communications, and computing infrastructure that are not related to the support of one specific program. General LAN/WANs and data centers serving multiple programs are examples.

Investments for IT Architecture and IT Planning - Each Line Office should submit one report on these efforts. If there is a major effort related to one system, however, an additional spreadsheet should be submitted detailing those investments (but the investments should be included in the Line Office summary spreadsheet). The types of investments to be reported are those supporting strategic management of IT operations, including general business process improvements, architecture development, interoperability efforts, and plans.

This spreadsheet does not ask for the same category breakdown as the other spreadsheets, but you do need to identify the funding sources and provide information on the strategic goals being supported and IT security investments.

Investments for Grants Management Systems - Line Offices may submit one report on these efforts or individual reports for grants management systems.

This spreadsheet does not ask for the same category breakdown as some of the other spreadsheets, but you do need to identify the funding sources and provide information on the strategic goals being supported and IT security investments.

Supplementary Guidance

! Who Reports on IT Expenditures for Projects Funded by Intra-NOAA Transfers?

We have previously received questions from NOAA organizations about how to account for money that was obtained from another NOAA organization rather than from a direct appropriation or non-NOAA source. An example of this would be NWS giving money to OAR for a specific project. In simplest terms, the general rule should be **"The Office That Spends the IT Money is the Office That Reports"**. The following points address specific applications of this rule.

1. Payments To/Collections From Other NOAA Organizations.

Who reports when one L.O. gives another one substantial funds for a program, some of which may be for IT activities? As the rule says, the organization spending the money (the receiving organization) should report on it, regardless of the source of the funds. Often only the spender really knows how the money was or will be spent on IT. See "3" below for how this impacts major systems.

2. How to Handle "Taxes" Paid to Central NOAA Organizations.

This covers money collected from L.O.s for things like CAMS, NOCs*, and the like. Do not report these on your spreadsheets as long as the money is paid to a NOAA office. The receiving office is the only one that can usually provide the breakdowns needed on what was or will be spent for IT and how it was spent. We will get figures from the central spending organizations on where their money came from, and if the amounts are significant we will adjust the Line Office total expenditure figures for you. Money paid outside of NOAA should be reported (usually it would be for some form of service).

* NOCs operated by a Line Office should report on its expenditures as part of their Line Office submission, but make sure that one spreadsheet covers these expenditures separate from any others. We would also like to receive information on what funds are collected from other Line Offices (any format can be attached to the spreadsheet). Funds collected from other DOC bureaus would be reported as part of the Funding Sources section of the spreadsheet.

3. How to Handle Major System Expenditures Affecting More Than One Line Office.

If an office in one L.O. is helping to support the operations or development of a major system (as defined in the Strategic IT Plan), it should report on its IT expenditures but should do so on a separate spreadsheet for that system. The L.O. with the major responsibility for the system should not include dollars sent to other L.O.s. At the overall NOAA level that will mean there will be multiple sheets for that system; we at the NOAA level will combine them to come up with the overall system costs (with the individual L.O. sheets on the system as supporting information). This approach most easily provides the specific spending breakdowns needed and the amounts spent by the Line Office making the IT decisions.

4. How to Handle Infrastructure and Office Automation Payments to the NOAA Level.

In line with the approaches above, do not report on dollars passed to the NOAA level for these purposes. Do not report Corel expenditures, for instance, if they are associated with the NOAA-wide contract.   This will be centrally gathered. Again, we will adjust your L.O.'s total expenditure figures as needed.

We are sure more situations, questions, and problems will come up. Let us know, and we will try to clarify (or figure out) what to do.

!   What is a "Financial System"?

The format requires that you enter the percentage of your FY 2004 IT investments that will be directed to development, maintenance, and/or operation of financial systems. A financial system is distinct from agency financial management systems (CAMS and FIMA), and is defined by OMB as: "an information system, comprised of one or more applications, that is used for any of the following:

- Collecting, processing, maintaining, transmitting, and reporting data about financial events.
- Supporting financial planning or budgeting activities.
- Accumulating and reporting cost information.
- Supporting the preparation of financial statements.

!   How Do You Distinguish Between "Development/Enhancement" and "Steady State"?

The financial summary figures must be divided between expenditures for "Development/ enhancement" and "Steady state" activities. Guidance on this breakdown is provided within the description of each category. Guidance on object classes that may apply to each category is provided at the end of this document.

Category 1:   Equipment

Any equipment or interconnected system or subsystem of equipment used in the automatic acquisition, storage, manipulation, management, movement, control, display, switching, interchange, transmission, or reception of data or information. Includes equipment for data processing and telecommunications [such as supercomputers, mainframes, mini-computers, RISC-based workstations, microcomputers, analog and digital private branch exchanges (PBX)]; ancillary equipment [such as disk drives, tape drives, plotters, printers, storage and back-up devices cable-connected to computers]; digital imaging equipment; optical storage and/or retrieval equipment [e.g., optical character recognition devices, computer-generated microfilm and other data acquisition devices]; punch card accounting equipment; and office automation equipment that was designed for use in conjunction with or controlled by a computer system. Telecommunications networks and related equipment [such as voice communications networks, data communications networks, local area networks, terminals, modems]; data encryption

devices; fiber optical and other communications networks; packet switching equipment; terrestrial carrier equipment [e.g., multipliers and concentrators]; lightwave, microwave or satellite transmission and receiving equipment; telephonic (including cellular and other hand-held devices) equipment; and facsimile equipment. Does not include furniture, typewriters, copiers, calculators, or microfilm/microfiche equipment.

"Development/enhancement" versus "Steady state": All equipment expenditures would routinely be shown as "development/enhancement" costs. The unusual exceptions would be the replacement of any broken IT equipment by equipment that does not enhance capabilities, which would be "steady state".

Category 2: Software

Any software, including firmware, specifically designed to make use of and extend the capabilities of the IT equipment identified in Category 1 above.

"Development/enhancement" versus "Steady state": All purchases of new software should be shown as "development/enhancement". Corrective software maintenance (fixing a bug in existing software) and maintenance agreements should be reported under "steady state", even if the agreements provide for upgrades to later versions of existing software.

Category 3: Telecommunications Services

Payments for telecommunications lines and similar services. Services include teleprocessing, local batch processing, electronic mail, voice mail, centrex, cellular telephone, facsimile, and packet switching of data. Telecommunications equipment investments should be reported in Category 1.

Do not report on FTS costs paid through NOAA headquarters. Report any services involving people (e.g. facilities management, system analysis, etc.) in Category 4 below.

"Development/enhancement" versus "Steady state": Report costs for new telecommunications services or upgrades to existing services as "development/enhancement". Report costs for existing and unchanged telecommunications services and any related maintenance costs as "steady state".

Category 4: Support Services

Any commercial services (contracts that provide labor) including: maintenance of equipment, contact staff to enhance or correct problems with software, custom software development, source data entry, training, planning for the use and acquisition of information technology, studies [e.g., requirements analysis, analyses of alternatives, and conversion studies], facilities management of government-furnished information technology, system analysis and design, and computer performance evaluation and capacity management.

"Development/enhancement" versus "Steady state": Report costs for planning, studies, development, and analysis and design services as "development/enhancement". Report operations services, capacity management studies, and routine maintenance services as "steady

state" costs. Where a contract provides for a mix of these services, divide the costs as best you can.

Category 5:   Supplies

Any consumable item designed specifically for use with items 1, 2, 3, and 4 above.

"Development/enhancement" versus "Steady state": Report all supply costs as "steady state" unless related to a new system under development.

Category 6:   Personnel (Compensation and Benefits)

Includes the salary (compensation) and benefits for government personnel who perform information technology functions 51% or more of their time. Functions include but are not limited to policy, management, systems development, operations, telecommunications, computer security, contracting, and secretarial support. Personnel in user organizations who simply use information technology assets incidental to the performance of their primary functions are not to be included.

"Development/enhancement" versus "Steady state": this is perhaps the most difficult category to split. Costs for personnel operating, managing, and maintaining existing equipment should be shown under "steady state"; costs associated with developing or improving systems should be shown under "development/enhancement". We recognize that the same people may well be involved in both roles - estimate the split in functions as best you can.

!   How Do You Identify the Funding Sources?

Under OMB procedures this is now a crucial aspect of the financial reporting. You must show the source of the funds reported as investments for the years FY 2002 through FY 2004. The total in the funding section for those years MUST equal the total investments shown. If you obtain funding from other agencies (anything outside of NOAA) you must show the source of those funds and the amount obtained/estimated to be obtained. For investments to be funded from the NOAA budget, you must indicate which account it comes from. In most cases, the account will be either ORF (Operations, Research, and Facilities) or PAC (Procurement, Acquisition, and Construction). You have to check with your budget officials to determine where your funding comes from - you cannot guess based on the names of the accounts. Please do not ask the NOAA CIO Office for the appropriate account.

!   Can You Use Object Classes to Determine the Categories for Reporting Investments?

Generally yes. The following guidance is provided to help identify the types of costs to be reported for specific categories. It is possible that in special cases other codes could apply. In some cases the object class code cited covers non-IT related costs as well, so the specific purpose of expenditures under that code must be examined to determine which should be reported. This is noted in the listing.

Category 1 - Equipment:

      3112   Capitalized ADP equipment
      3116   Telecommunications equipment - capitalized
      3123   Non-capital purchase or lease-to-purchase ADP/telecommunications equipment
      2335   ADP and telecommunications equipment leased
      3131   Lease-to-purchase ADP equipment
      3132   Lease-to-purchase telecommunications equipment - capitalized

Category 2 - Software:

      3119   ADP and telecommunications software - capitalized ($200K or more)
      3124   ADP and telecommunications software ($25K to less than $200K)

Category 3 - Telecommunications Services:

      2336   Telecommunications (utility) data/network services
      2337   Telecommunications (utility FTS) services
      2338   Telecommunications (utility) local services
      2339   Telecommunications (utility) toll charges

Category 4 - Support Services:

      2510   Information technology/ADP training
      2512   Studies, analyses, and evaluations (apply only if IT-related)
      2523   ADP and telecommunications contractual services
      2534   ADP and telecommunications services by other agencies

Category 5 - Supplies:

      2618   Purchases of ADP supplies (including software <$25K)

Category 6 - Personnel:

There are no object classes that just pertain to IT personnel costs. For personnel who fall under the description for this category, the applicable codes would be found in the Major Object Classes of 11 and 12.

NOAA IT Systems Requiring Individual Spreadsheets

NESDIS:
- Central Environmental Satellite Computer System
- Climate Data Modernization Program
- Comprehensive Large Array-data Stewardship System (CLASS)
- GOES Ground System I-M
- GOES Ground System N-Q
- NESDIS Critical Infrastructure Protection (CIP) System
- NOAA National Data Centers (NNDC)
- NPOESS Ground System
- POES Ground System K-N
- Satellite Active Archive
- Satellite Environmental Processing System
- Search and Rescue Satellite-Aided Tracking

NOS:
- Geodetic Support System
- The National Water Level Observation Network Data Management System
- Nautical Charting and Surveying System
- Real-Time Observations and Forecasts of Water Levels, Tides, and Currents (PORTS)

NWS:
- AWIPS
- Data Assimilation
- NEXRAD System Product Improvement
- NEXRAD O&M
- NWS Telecommunications Gateway Legacy System
- NWS Telecommunications Gateway CIP
- NWS Telecommunications Gateway System Modernization
- Office of Science & Technology - Other Systems
- Office of Operational Systems - Telecommunications
- Office of Operational Systems - ASOS
- Weather and Climate Supercomputing
- Weather and Climate Supercomputing CIP

OAR:
- Climate Computer
- Forecast System Lab Massively-Parallel Processor
- GFDL High-Performance Computing

OFA:
- CAMS
- FIMA